
CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

A nonpartisan policy board established in 1974 by the Governor and Legislature

CAPITAL OUTLAY: PRESERVING PHYSICAL ACCESS TO A COLLEGE EDUCATION

Brief 97-5

The purpose of this policy brief

Discussions on the ways in which California will be able to accommodate the expected “Tidal Wave II” -- the children of the “baby boomer” generation -- of nearly one half million more students who will seek a college education over the next decade inevitably lead to conversations about building new campuses and new campus capacity. The money required to build new buildings and new campuses is significant and is referred to as capital outlay expenditures. This brief provides a quick primer on key issues and responsibilities associated with decisions on capital outlay expenditures.

What is CPEC’s responsibility in capital outlay decisions?

In its role as the State’s planning and coordinating agency for postsecondary education, the California Postsecondary Education Commission (CPEC) is expected to play an important role in making decisions about capital outlay proposals for new and existing campuses. Section 66904 of the Education Code was added to the responsibilities of CPEC in 1976 and required CPEC to recommend to the legislature potential sites for new campuses expected to be purchased with General Funds. It also expresses legislative intent to utilize CPEC’s advice in making decisions about capital outlay requests for existing campuses and off-campus centers.

Background information

During the decade that followed formal adoption of California’s Master Plan for Higher Education, the State invested significant amounts of money to establish public colleges and universities throughout the state to ensure college opportunities for all California students who can benefit from such instruction. Because of the real and perceived benefits, including local economic advantages, associated with the location of a college or university, some legislators were eager to establish postsecondary institutions in their districts. In some cases, such motivations resulted in campuses being placed in areas of the state that had insufficient population density or enrollment demand to support a full-fledged campus. As demand for General Fund expenditures in

other areas of state service increased, and to assure that future decisions to expand public colleges and universities were well reasoned, planned, and justified, the Legislature designated CPEC as the objective body to assure prudent use of limited General Fund capital outlay expenditures.

What are some of the capital outlay issues that need to be examined?

Understanding the capital outlay needs of postsecondary education is a complex undertaking. It not only involves consideration of the need to build new buildings and/or new campuses, it also involves consideration of a variety of other related issues. Many of these issues are discussed in greater detail in a Commission report entitled *A Capacity for Growth: Enrollments, Resources, and Facilities for California Higher Education* (CPEC 95-9). Included among the more critical issues are the following:

- ♦ Given the State's existing debt limits, there is virtually no way that bonds alone can build the additional capacity needed for "Tidal Wave II." In what ways might creative partnerships and collaboration make most efficient use of existing and new capital facilities?
- ♦ In what ways are annual appropriations being expended to maintain existing physical plants? Recessionary pressures over the past decade and unexpected natural disasters have resulted in accelerated deterioration of some college buildings and classrooms.
- ♦ What planning capacity exists within each public system of higher education to anticipate and carefully plan for adding new capacity to accommodate new enrollment demand? The Community colleges are expected to receive nearly two-thirds of the additional 455,000 students that CPEC estimates will be seeking to enroll by 2005, yet they have the least planning capacity, by far, of the public postsecondary education systems.
- ♦ What is the appropriate balance between reducing the backlog of deferred maintenance that threatens the health and safety of students and adding new buildings and classrooms? How should associated costs be paid?
- ♦ To what extent can strategic investment in technology reduce the need for capital outlay expenditures for physical plant expansion?

This issue is the fifth in a series based on CPEC's long-range planning document, *The Challenge of The Century*. Planning for new student enrollment and improving educational outcomes are primary statutory responsibilities of the Commission. In *The Challenge*, the Commission examines solutions and presents recommendations and strategies for providing postsecondary education and training opportunities most effectively and efficiently to increasing numbers of students. For more information on *The Challenge of The Century*, or this issue brief, contact Mary Saenz of the Commission's Governmental Relations Unit at 445-1910.